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SUMMARY

Agenda Item: D.2.3

India

MODERNISATION OF SMALL SCALE INDUSTRY IN INDIA

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S U M M A R Y

D.2.3. MODERNISATION OF SMALL SCALE INDUSTRY IN INDIA.

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In India a small scale industry is defined as an industry with capital investment of not more than Rs.500,000.

Development of small scale industries has been assigned high priority and importance in the development programmes of India. The main problem of small industries is the problem of their weakness arising from lack of technical knowledge, inadequacy of capital, and inefficient methods of management and marketing. The development programme aims at helping the small industrialists to overcome these handicaps.

An important problem to be faced in modernisation is the danger of technological unemployment. The degree and pace of mechanisation have to be gradual so as to avoid the stresses and strains of sudden changes.

The main difficulties and handicaps in achieving rapid modernisation of small scale industries are:-

(a) Lack of knowledge on the techniques and methods of modernisation;

(b) Difficulties in securing modern machinery and equipment;

(c) Shortage of raw materials, parts and components of the right standards and specifications;

(d) Shortage of trained workmen, technicians and managers;

(e) Inadequate credit facilities,

(f) Difficulties in securing good factory accommodation;

(g) Shortage of electricity and other sources of power and

(h) Difficulties in marketing.

The Government of India have set up the Central Small Industries Organisation (CSIO) for providing free technical guidance to small industrialists. The Industrial Extension Service provided by the CSIO includes advice on choice of industries, purchase of machinery and equipment, designing of tools and products, and training.

While the CSIO advises the small industrialists about the right type of machinery and equipment, the National Small Industries Corporation, another agency established by the Government, arranges to supply the machinery on easy terms of hire-purchase. A major difficulty in operating the scheme is shortage of foreign exchange.

Training of personnel for and from Small Scale Industries is quite important in any programme of modernisation. The CSIO has introduced training programmes for managers, supervisors and workers.

The pace of modernisation has been hampered by difficulties in getting credit on easy terms. The Government are playing a pioneering role in providing credit to small industrialists on liberal terms.

Modernisation demands good factory accommodation. The programme of Industrial Estates in India aims at meeting this demand.

The number of places supplied with electric power in India is very small and this limits the scope of modernisation and extension of small industries.

Small Industries have various difficulties in marketing their goods. The Government's policy has been to encourage small industries to function as ancillaries to large industries. The CSIO also assists small units to get a good share in the purchases made by the Government.

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